

**"Post-Signing Returns"** is defined in Section 5.03.

**"Post-Signing SEC Documents"** is defined in Section 6.13.

**"Pre-Election Acquiror Common Stock Price"** is defined in Section 2.01(a).

**"Pre-Election Aggregate Value"** is defined in Section 2.01(a).

**"Qualified Plan"** means a Pension Plan that satisfies, or is intended by the Company to satisfy, the requirements for Tax qualification described in Section 401 of the Code.

**"Real Property"** means the real property (other than easements and rights of way) owned or used by the Company and the Subsidiaries as of December 31, 1996, and any additional real property (other than easements and rights of way) owned or used since that date.

**"Representative"** is defined in Section 2.01(a)(ii).

**"Sale"** is defined in Section 3.17(g).

**"SEC"** means the United States Securities and Exchange Commission and its successors.

**"Securities Act"** means the Securities Act of 1933, as amended, and all Laws promulgated pursuant thereto or in connection therewith.

**"Series A Exchange Ratio"** is defined in Section 2.01(b).

**"Series B Exchange Ratio"** is defined in Section 2.01(c).

**"Shareholder Plan"** is defined in Section 3.17(g).

**"Significant Subsidiary"** means any subsidiary of Acquiror disclosed in its most recent Annual Report on Form 10-K, and any other subsidiary that would constitute a "Significant Subsidiary" of Acquiror within the meaning of Rule 1-02 of Regulation S-X of the SEC.

**"Statutory-Waiver Plan"** means a Pension Plan that is not subject to Title I, Subtitle B, Part 3, of ERISA (concerning "funding").

**"Stock Election"** is defined in Section 2.01(a)(ii).

**"Stock Election Number"** is defined in Section 2.01(a)(i).

**"Stock Election Shares"** is defined in Section 2.01(a)(iii).

**"Stock Overelection Fraction"** is defined in Section 2.01(a)(iv)(A).

**"Stockholders' Agreement"** means the Stockholders' Agreement dated as of the date hereof among Acquiror, Mr. Clark E. McLeod, Mrs. Mary E. McLeod, Midwest Capital Group, Inc., MWR Investments Inc., IES Investments Inc. and certain of the Company Shareholders.

**"Subsidiary"** means a corporation, partnership, joint venture or other entity of which the Company owns, directly or indirectly, at least 50% of the outstanding securities or other interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body or otherwise exercise Control of such entity.

**"Surviving Corporation"** is defined in Section 1.01.

**"Taxes"** means all federal, state, local and foreign taxes (including, without limitation, income, profit, franchise, sales, use, real property, personal property, ad valorem, excise, employment, social security and wage withholding taxes) and installments of estimated taxes, assessments, deficiencies, levies, imports, duties, license fees, registration fees, withholdings, or other similar charges of every kind, character or description imposed by any Governmental Entity, and any interest, penalties or additions to tax imposed thereon or in connection therewith.

**"Tax Returns"** means all federal, state, local, foreign and other applicable returns, declarations, reports and information statements with respect to Taxes required to be filed with the IRS or any other Governmental Entity or Tax authority or agency, including, without limitation, consolidated, combined and unitary tax returns.

**"Telephone Sub"** is defined in Section 6.15.

**"Title I Plan"** means a Plan that is subject to Title I of ERISA.

**"Unaudited Balance Sheets"** is defined in Section 3.08(a).

**"Unaudited Statements"** is defined in Section 3.08(a).

**"Welfare Plan"** means an "employee welfare benefit plan" as such term is defined in Section 3(1) of ERISA.

**"William Blair"** is defined in Section 3.27.

IN WITNESS WHEREOF, Acquiror, Acquiror Sub and the Company have caused this Merger Agreement to be executed and delivered as of the date first written above.

**MCLEODUSA INCORPORATED**

By: /s/ Clark E. McLeod  
Name: Clark E. McLeod  
Title: Chairman and Chief  
Executive Officer

**EASTSIDE ACQUISITION CO.**

By: /s/ Stephen C. Gray  
Name: Stephen C. Gray  
Title: President

**CONSOLIDATED COMMUNICATIONS INC.**

By: /s/ Richard A. Lumpkin  
Name: Richard A. Lumpkin  
Title:

## LICENSEE QUALIFICATION REPORT

See reverse for public  
burden estimate

## INSTRUCTIONS:

- A. The "Filer" of this report is defined to include: (1) An applicant, where this report is submitted in connection with applications for common carrier and satellite radio authority as required for such applications; or (2) A licensee or permittee, where this report is required by the Commission's Rules to be submitted on an annual basis.
- B. Submit an original and one copy (sign original only) to the Federal Communications Commission, Washington, DC 20554. If more than one radio service is listed in Item 6, submit an additional copy for each such additional service. If this report is being submitted in connection with an application for radio authority, attach it to that application.
- C. Do not submit a fee with this report.

<b>1. Business Name and Address (Number, Street, State and ZIP Code) of Filer's Principal Office</b> McLeodUSA Incorporated McLeodUSA Technology Park 6400 C Street, SW, P.O. Box 3177 Cedar Rapids, Iowa 52406-3177	<b>2. (Area Code) Telephone Number</b> (319) 364-0000 <b>3. If this report supersedes a previously filed report, specify its date</b> N/A
<b>4. Filer is (check one):</b> <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Other (Specify):	<b>5. Under the laws of what State (or other jurisdiction) is the Filer organized?</b> Delaware
<b>6. List the common carrier and satellite radio services in which Filer has applied or is a current licensee or permittee:</b> Point-to-Point Microwave Radio Service; Rural Radiotelephone Service Broadband Personal Communications Service; Paging and Radiotelephone Service	

<b>7 (a)</b> Has the Filer or any party to this application had any FCC station license or permit revoked or had any application for permit, license or renewal denied by this Commission? If "YES", attach as Exhibit I a statement giving call sign and file number of license or permit revoked and relating circumstances.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
<b>(b)</b> Has any court finally adjudged the Filer, or any person directly or indirectly controlling the Filer, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or other means of unfair methods of competition? If "YES", attach as Exhibit II a statement relating the facts.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
<b>(c)</b> Has the Filer, or any party to this application, or any person directly or indirectly controlling the Filer ever been convicted of a felony by any state or Federal court? If "YES", attach as Exhibit III a statement relating the facts.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
<b>(d)</b> Is the Filer, or any person directly or indirectly controlling the Filer, presently a party in any matter referred to in Items 7(b) and 7(c)? If "YES", attach as Exhibit IV a statement relating the facts.	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
<b>8.</b> Is the Filer, directly or indirectly, through stock ownership, contract or otherwise, currently interested in the ownership or control of any other radio stations licensed by the Commission? If "YES", submit as Exhibit V the name of each such licensee and the licensee's relation to the Filer. See Exhibit V					
If Filer is an individual (sole proprietorship) or partnership, answer the following and Item 11:					
<b>9 (a)</b> Full Legal Name and Residential Address (Number, Street, State and ZIP Code) of Individual or Partners:  N/A	<table border="1"> <tr> <td data-bbox="812 1690 1299 1816"> <b>(b)</b> Is individual or each member of a partnership a citizen of the United States? N/A         </td> <td data-bbox="1299 1690 1586 1816"> <input type="checkbox"/> YES      <input type="checkbox"/> NO         </td> </tr> <tr> <td data-bbox="812 1816 1299 1978"> <b>(c)</b> Is individual or any member of a partnership a representative of an alien or of a foreign government? N/A         </td> <td data-bbox="1299 1816 1586 1978"> <input type="checkbox"/> YES      <input type="checkbox"/> NO         </td> </tr> </table>	<b>(b)</b> Is individual or each member of a partnership a citizen of the United States? N/A	<input type="checkbox"/> YES <input type="checkbox"/> NO	<b>(c)</b> Is individual or any member of a partnership a representative of an alien or of a foreign government? N/A	<input type="checkbox"/> YES <input type="checkbox"/> NO
<b>(b)</b> Is individual or each member of a partnership a citizen of the United States? N/A	<input type="checkbox"/> YES <input type="checkbox"/> NO				
<b>(c)</b> Is individual or any member of a partnership a representative of an alien or of a foreign government? N/A	<input type="checkbox"/> YES <input type="checkbox"/> NO				

If Filer is a corporation, answer the following and Item 11:

- 10 (a) Attach as Exhibit VI the names, addresses, and citizenship of those stockholders owning of record and/or voting 10 percent or more of the Filer's voting stock and the percentages so held. In the case of fiduciary control, indicate the beneficiary(ies) or class of beneficiaries.

See Exhibit VI

- (b) List below, or attach as Exhibit VII the names and addresses of the officers and directors of the Filer.

See Exhibit VII

- (c) Is the Filer directly or indirectly controlled by any other corporation?

☐ YES ☒ NO

If "YES", attach as Exhibit VIII a statement (including organizational diagrams where appropriate) which fully and completely identifies the nature and extent of control. Include the following: (1) the address and primary business of the controlling corporation and any intermediate subsidiaries; (2) the names, addresses, and citizenship of those stockholders holding 10 percent or more of the controlling corporation's voting stock; (3) the approximate percentage of total voting stock held by each such stockholder; and (4) the names and addresses of the president and directors of the controlling corporation.

- (d) Is any officer or director of the Filer an alien?

☐ YES ☒ NO

- (e) Is more than one-fifth of the capital stock of the Filer owned of record or voted by aliens or their representatives, or by a foreign government or representative(s) thereof, or by a corporation organized under the laws of a foreign country?

☐ YES ☒ NO

- (f) Is the Filer directly or indirectly controlled: (1) by any other corporation of which any officer or more than one-fourth of the directors are aliens, or (2) by any foreign corporation or corporation of which more than one-fourth of the capital stock is owned or voted by aliens or their representatives, or by a foreign government or representatives thereof.

☐ YES ☒ NO

- (g) If any answer to questions (d), (e) or (f) is "YES", attach as Exhibit IX a statement identifying the aliens or foreign entities, their nationality, their relationship to the Filer, and the percentage of stock they own or vote.

#### 11. CERTIFICATION

This report constitutes a material part of any application which cross-references it, and all statements made in the attached exhibits are a material part thereof. The ownership information contained in this report does not constitute an application for, or Commission approval of, any transfer of control or assignment of radio facilities. The undersigned, individually and for the Filer, hereby certifies that the statements made herein are true, complete and correct to the best of the Filer's knowledge and belief, and are made in good faith. The undersigned, individually and for the Filer, certifies that neither the applicant nor any other party to the application is subject to a denial of Federal benefits, that includes FCC benefits, pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance.

**WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE, TITLE 18, SECTION 1001), AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. CODE, TITLE 47, SECTION 312(A)(1)), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).**

Filer (must correspond with that shown in Item 1)

Typed or Printed Name

McLeodUSA Incorporated

Casey D. Mahon

Signature

Title

Date

Senior Vice President

6/24/97

#### NOTICE TO INDIVIDUALS REQUIRED BY THE PRIVACY ACT OF 1974 AND THE PAPERWORK REDUCTION ACT OF 1995

The solicitation of personal information requested in this form is to determine if you are qualified to become or remain a licensee in common carrier or satellite radio service pursuant to the Communications Act of 1934, as amended. No authorization can be granted unless all information requested is provided. Your response is required to obtain the requested authorization or retain an authorization.

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate, or any other aspect of this collection of information, including suggestions for reducing the burden to Federal Communications Commission, Records Management Branch, Washington, DC 20554, Paperwork Reduction Project (3060-0105), or via the internet to [dconway@fcc.gov](mailto:dconway@fcc.gov). DO NOT SEND COMPLETED FORMS TO THIS ADDRESS. Individuals are not required to respond to a collection of information unless it displays a currently valid OMB control number.

**EXHIBIT V**  
**(Question 8)**

**McLeodUSA Incorporated ("McLeod") currently is the licensee of 25 "D" and "E" block Broadband Personal Communications Services licenses in Illinois, Iowa, Minnesota, Nebraska and South Dakota.**

**By means of applications that are being filed simultaneously with this Form 430, McLeod seeks Commission consent to control, directly or indirectly, Consolidated Communications Inc. ("CCI") and the following subsidiaries of CCI that hold FCC licenses: Illinois Consolidated Telephone Company, Consolidated Communications Mobile Services, Consolidated Communications Telecom Services, and Midwest Cellular Associates Limited Partnership. As a result of this transaction, CCI and its subsidiaries would become wholly-owned subsidiaries of McLeod. The above-mentioned CCI subsidiaries hold FCC licenses in the Point-to-Point Microwave Radio Services, Broadband Personal Communications Services, Rural Radio Services, and Paging and Radiotelephone Services.**

**EXHIBITS VI, VII**  
**(Questions 10(a), 10(b))**

**Ownership**

The current five percent or greater shareholders of McLeodUSA

Incorporated ("McLeod") are as follows:

<b><u>Name and Address</u></b>	<b><u>Percentage Ownership</u></b>	<b><u>Citizenship</u></b>
IES Investments, Inc. 200 1st Street, S.E. Cedar Rapids, Iowa 52401	17.1	U.S. Corporation
Clark E. McLeod Mary McLeod McLeodUSA Incorporated McLeodUSA Technology Park 6400 C Street, S.W. P.O. Box 3177 Cedar Rapids, Iowa 52406-3177	9.0 8.2	U.S.
MWR Investments Inc. 500 E. Court Ave. Des Moines, Iowa 50309	15.7	U.S. Corporation
Putnam Investment Management, Inc. One Post Office Square Boston, MA 02109	7.5	U.S. Corporation
Allsop Venture Partners III, L.P. 2750 1st Ave. Cedar Rapids, Iowa 52402	7.4	U.S. Limited Partnership

As part of the transaction referenced above in Exhibit V, new shares of McLeod stock will be issued to existing holders of CCI common stock. As a result, the interests of the above McLeod shareholders will be diluted when the merger is consummated. McLeod does not currently anticipate that the issuance of McLeod stock to CCI shareholders will result in any new ten percent or greater shareholders of McLeod.

**Officers and Directors**

The address for the following proposed Officers and Directors of the filer will be c/o McLeodUSA Incorporated, McLeodUSA Technology Park, 6400 C Street, S.W., P.O. Box 3177, Cedar Rapids, Iowa 52406-3177. The proposed Officers and Directors of McLeod subsequent to the transaction described are as follows:

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Director</u></b>
Clark E. McLeod	Chairman, Chief Executive Officer	Yes
Richard A. Lumpkin	Vice Chairman	Yes
Stephen C. Gray	President, Chief Operating Officer	Yes
Blake O. Fisher, Jr.	Chief Financial Officer, Executive Vice President, Treasurer	Yes
Robert J. Currey	Executive Vice President	Yes
Kirk E. Kaalberg	Executive Vice President	--
Stephen K. Brandenburg	Executive Vice President	--
David M. Boatner	Executive Vice President	--
Albert P. Ruffalo	Executive Vice President	--
Arthur L. Christoffersen	Executive Vice President	--
Casey D. Mahon	Senior Vice President, General Counsel and Secretary	--
Russell E. Christiansen	--	Yes
Thomas M. Collins	--	Yes
Paul D. Rhines	--	Yes
Lee Liu	--	Yes